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SECURITY INFORMATION

13 December 1952

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Office of Current Intelligence

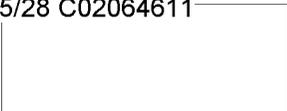
CENTRAL INTELLIGENCE AGENCY

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SUMMARY

FAR EAST

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3.3(h)(2)

FAR EAST

3.3(h)(2)

1. Chiang's attitude as bar to close Sino-Japanese relations:

that Chiang wishes to prevent the growth of Japanese influence on Formosa, sees no prospect of substantial improvement in relations with Japan until Chiang changes his attitude.

3.3(h)(2)

Comment: The Generalissimo is known to fear a resurgence of Japanese influence in Formosa, which was governed by the Japanese from 1895 to 1945 and which is oriented more toward Japan than toward China.

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SOUTHEAST ASIA

2. Indonesian Government stability believed still threatened:

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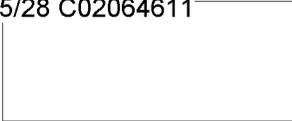
a cabinet crisis is imminent and that Indonesia continues to be threatened with civil war. An emergency government reportedly is to be established with Vice President Hatta as Prime Minister.

Since there is "bad blood" between Hatta and President Sukarno, the former has asked Natsir, a former prime minister and leader of the Masjumi, whether he is prepared to be "drafted for the presidency."

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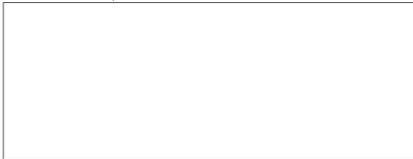
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Comment: Political maneuvering has intensified since the cabinet commenced measures against military officials responsible for the 17 October "political action." Other reports do not suggest, however, that the downfall of the cabinet is imminent. Tensions are expected to continue in Indonesia until after the elections tentatively scheduled from April through July, but the threat of civil war is believed to have been averted.

NEAR EAST - AFRICA

3. French wish to be included in Iranian oil settlement:

3.3(h)(2)



The French Petroleum Director has advised the American Embassy that France should be included in any talks on the Iranian oil problem. Declaring that France could use substantial

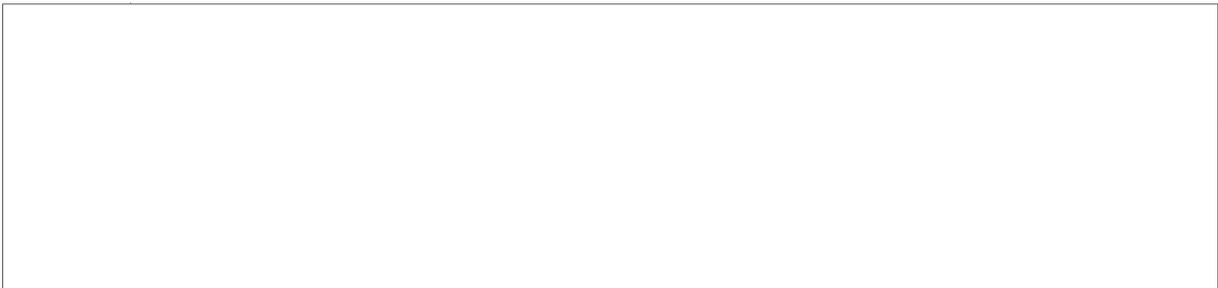
quantities of crude oil and aviation gasoline, the director added that the government-controlled Compagnie Francaise des Petroles would wish to participate in any British-American group formed to produce, refine and market Iranian oil.

3.3(h)(2)

Comment: Although France has cooperated with the Anglo-Iranian Oil Company in preventing the movement of Iranian oil,  French companies have been interested in oil purchases.

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3.3(h)(2)

5. British plan to meet new incidents in disputed area of Arabian peninsula:



In response to information that Saudi Arabia is ^{3.3(h)(2)} planning to move a small force into the disputed Persian Gulf coastal region between Qatar and Oman, the British War Office is considering the temporary redeployment into the area of some armored cars from Habanaiya or the Suez Canal zone.

Comment: The British Foreign Office has informed the American Embassy in London of its growing belief that force is the only answer to expanding Saudi Arabian activities in areas regarded as being under British control.

The Embassy discounts the possibility of the use of force, but feels the British attitude indicates the extent of Foreign Office frustration over Arabian peninsula boundary problems.

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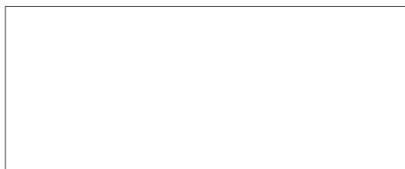
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EASTERN EUROPE

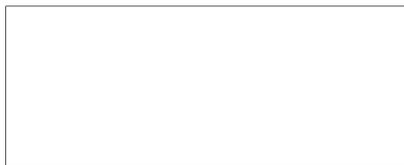
6. Yugoslavs deny unilateral intentions in Albania:

The Yugoslav Minister in Athens has assured the Greek Government that Yugoslavia will not disturb the status quo in Albania. He said that in the event of an internal Albanian revolt the Yugoslav Government will act only in conjunction with Albania's "other neighbors." The Greek Foreign Minister feels that the Yugoslav statement should be accepted. 3.3(h)(2)

Comment: Yugoslavia's dependence on American aid and its desire to conclude satisfactory defense arrangements with Greece and other NATO countries virtually dictate such assurances regarding future intentions toward Albania. At the same time, however, Yugoslavia is intent on strengthening its capability to overthrow the Hoxha regime or dominate any revolutionary Albanian Government.

Despite the Greek profession of faith in Yugoslav intentions, Albania will continue to be a vital point of issue between Greece, Italy and Yugoslavia.

WESTERN EUROPE

7. Outlook for French ratification of EDC has changed:

The American Embassy in Paris reports that National Assembly deputies opposed to EDC, whose ranks have been growing, are now coming to regard a German national army under NATO control as more acceptable. Their spokesmen believe that an Assembly majority for such a solution can be found. 3.3(h)(2)

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Foreign Ministry officials state that Chancellor Adenauer's postponement of final Bundestag action on the Bonn and Paris treaties upsets the timing of French action. Although Assembly debate could still take place by late February, it may be postponed until May, particularly in view of the expected consideration in late March of a draft treaty for a European Political Community, and the prospective municipal elections in April.

Comment: Sentiment favoring a German national army under NATO control rather than German forces in EDC has also been voiced by German Social Democrats.

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